



IN DEPTH: REGION'S FASTEST-GROWING PRIVATE COMPANIES

Janitorial-services firm cleans up the competition

Turnover at Kirkland-based Regional Building Services Corp. is low due to good pay and benefits

Sean Meyers

Contributing Writer

Cecil Osborne Jr. and Paul Duma are cleaning up in a "\$70 billion a year industry nobody wants to talk about."

The reasons people don't want to talk about janitorial services, says Osborne, is because the No. 1 complaint building owners and managers have is unsatisfactory restroom conditions. There is no close second.

"Clients generally only contact their service if there is a problem," says Osborne.

There haven't been many problems for Regional Building Services Corp., founded in 1998 and headquartered in Kirkland. Revenue more than tripled from 1999 to 2001, topping \$3 million.

"We are hoping for 50 percent growth this year, and we are fairly on track so far," says Osborne, who quickly adds that the company is not growing as fast as the founders would like.

Their formula for success is simple, says Osborne.

"We work hard. We work hard at getting business, and we work hard at keeping business. Our customers know that if there is a problem, we're going to fix it right away."

RBSC has 25 employees, 35 individual subcontractors and a satellite office in Tacoma. It services the I-5, I-405 and I-90 corridors from Everett to Tacoma.

"The average janitorial service has about 10 employees and \$500,000 in annual revenues, and is very closely held, such as a husband-and-wife operation. But the trend is toward larger operations," he says.

Through the 1980s and 1990s, janitorial services were routinely listed as among the best prospects for small business startups. Initial capital requirements are low, there a few legal restrictions or licensing requirements, and the business is relatively easy to learn, says Osborne.

But that is changing as architectural materials become more sophisticated. Lighting fixtures, windows and floors are increasingly being treated with special coatings or finishes and must be cleaned with custom-mixed chemicals. The growing complexity of the business may be causing some smaller businesses to shut down, he believes.

Osborne and Duma come from similar backgrounds in that they both learned the business at the end of a mop. Prior to starting his own business, Osborne worked for a private contractor that serviced Oregon State University. Portland's school district recently decided to fire its janitors and contract the work out, but that trend is not catching on in Washington, says Osborne, although he's not sure why.

Another industry trend that may be helping private contractors is growing activity among janitorial unions. Over the past 18 months janitors have struck or threatened strikes in at least a dozen major cities, including Baltimore, Philadelphia, Boston and San Francisco.

RBSC is not unionized, says Osborne.

"We pay above union scale. We have to compete for employees and the only way for us to get good employees is to pay well. The company also has a profit-sharing plan. The ones who are actually doing the work are getting the lion's share of the money," he says.

The outlook for janitorial services is good. In California, which has the nation's largest number of janitors and cleaners, employment is expected to rise from 177,000 in 1993 to 222,000 in 2005. Turnover is high, however, with an estimated 44,500 janitors expected to retire or leave the occupation over the next three years.

Osborne says RBSC's turnover rate is 10 percent to 12 percent, while 100 percent turnover is not uncommon for some janitorial businesses.

Nationally, the number of cleaning and maintenance jobs reached a 10-year high in July, despite layoffs in resorts, hotels and other travel-related sectors in the wake of Sept. 11. One possible reason for the increase in employment may be continuing media coverage of incidents of food poisoning, mold, air quality and other health issues, according to *Cleaning and Maintenance Management* magazine.

Prospects are bright for RBSC as well. The company plans to open offices in Portland and Spokane next year, mostly because they are the closest large cities, but also because they are attractive markets for janitorial services, says Osborne.

"They have a good customer base — good tenants and good property owners," he says.

He expects the company will succeed there as well, "just because of the sheer need for professional janitorial and building services."

Reach the Business Journal at 206-583-0701 or seattle@bizjournals.com.

© 2002 American City Business Journals Inc.

→ [Web reprint information](#)

All contents of this site © American City Business Journals Inc. All rights reserved.